

Message Text

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SUBJECT: UNOFFICIAL TEXT OF PARIS CLUB MINUTE ON ZAIRE

1. REPRESENTATIVES OF THE GOVERNMENTS OF FEDERAL REPUBLIC
OF GERMANY, CANADA, THE UNITED STATES OF AMERICA, FRANCE,
ITALY, JAPAN, THE NETHERLANDS, THE UNITED KINGDOM, SWEDEN
AND SWITZERLAND (HEREINAFTER CALLED "THE PARTICIPATING
COUNTRIES") MET IN PARIS ON 6 AND 7 JULY 1977, TO DISCUSS

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WITH REPRESENTATIVES OF THE GOVERNMENT OF THE REPUBLIC OF
ZAIRE THE LATTER'S REQUEST FOR FOREIGN DEBT SERVICE RELIEF
IN THE LIGHT OF ZAIRE'S BALANCE OF PAYMENTS PROSPECTS FOR
THE COMING YEARS AND IN LINE WITH THE MINUTE OF 16 JUNE
1976. REPRESENTATIVES OF THE INTERNATIONAL MONETARY
FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT TOOK PART IN THE MEETING. OBSERVERS FROM THE
ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT,
THE EUROPEAN ECONOMIC COMMUNITY AND NORWAY ALSO ATTENDED.

2. THE REPRESENTATIVES OF THE REPUBLIC OF ZAIRE REPORTED ON THE RESULTS OF THE STABILIZATION PROGRAMME UNDERTAKEN IN 1976 AND THE GUIDELINES FOR THEIR GOVERNMENT'S NEW ECONOMIC AND FINANCIAL PROGRAMME, WITHIN THE FRAMEWORK OF THE STANDBY AGREEMENT CONCLUDED WITH THE INTERNATIONAL MONETARY FUND ON 25 APRIL 1977. THIS PROGRAMME INVOLVES SPECIFIC COMMITMENTS WITH RESPECT TO DOMESTIC AND EXTERNAL FINANCIAL MANAGEMENT AND CONTROLS ON THE COUNTRY'S FOREIGN DEBT.

3. TO SEEK TO SECURE COMPARABLE TREATMENT OF PUBLIC AND PRIVATE CREDITORS, PARTICULARLY BANKS, THE REPRESENTATIVES OF THE PARTICIPATING COUNTRIES AND THE REPRESENTATIVES OF THE REPUBLIC OF ZAIRE AGREED ON THE IMPORTANCE THAT THEY ATTACH TO THE COMPLETION BY ZAIRE OF SATISFACTORY FINANCIAL ARRANGEMENTS WITH THE OTHER CREDITORS COMPARABLE TO THOSE SET FORTH IN THE MINUTE OF 16 JUNE 1976 AND IN THIS MINUTE.

IN THIS REGARD, THE DELEGATION FROM THE REPUBLIC OF ZAIRE RECONFIRMED THE DECISION MENTIONED IN PARAGRAPH 4 OF THE AGREED MINUTE OF 16 JUNE 1976, AND REPORTED ON THE NEGOTIATIONS THEY UNDERTOOK WITH A CONSORTIUM OF BANKS, WHICH LED TO THE SIGNING OF AN AGREEMENT IN LONDON ON LIMITED OFFICIAL USE
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5 NOVEMBER 1976. THE ZAIRIAN DELEGATES STATED THAT THIS AGREEMENT PROVIDED FOR A NEW MEDIUM-TERM FINANCIAL CREDIT FOR UP TO 250 MILLION DOLLARS, PROVIDED THAT ZAIRE FULFILLED A CERTAIN NUMBER OF CONDITIONS. THEY EMPHASIZED THAT ALL THE MEASURES SPECIFIED FOR CARRYING OUT THE AGREEMENT HAD IN FACT BEEN TAKEN BY THE REPUBLIC OF ZAIRE. THE REPRESENTATIVES OF THE PARTICIPATING COUNTRIES STRESSED THE IMPORTANCE THEY ATTACH TO THE REPUBLIC OF ZAIRE'S REACHING RAPIDLY AN AGREEMENT WITH THE BANKS TO OBTAIN THIS CREDIT UNDER TERMS COMPARABLE TO THOSE PROVIDED FOR IN THE AGREED MINUTE OF 16 JUNE 1976 AND IN THIS MINUTE.

4. THE DELEGATION FROM THE REPUBLIC OF ZAIRE STATED THAT THEIR GOVERNMENT WAS RESOLUTELY CONTINUING TO PUT THE STABILIZATION PROGRAMME INTO PRACTICE, HAVING, IN PARTICULAR, TAKEN MEASURES TO STRENGTHEN EXPORT CONTROLS TO ENSURE THE REPATRIATION OF THE CORRESPONDING RECEIPTS AND MEASURES TENDING TO ENSURE THE REGULAR SETTLEMENT OF CURRENT PAYMENTS.

5. THE DELEGATION FROM THE REPUBLIC OF ZAIRE STATED THAT THEIR GOVERNMENT INTENDED TO MEET THE TERMS AND CONDITIONS OF THE AGREEMENTS ALREADY SIGNED OR TO BE SIGNED IN LINE WITH THE AGREED MINUTE OF 16 JUNE 1976 AND THOSE OF ANY AGREEMENTS RESULTING FROM THIS MINUTE. THEY

FURTHER INTEND TO PAY ANY ARREARS RELATING THERE TO, AND
IN THIS RESPECT, WILL APPLY EQUAL TREATMENT TO ALL CREDI-
TOR COUNTRIES.

6. AS REGARDS 1977 MATURITIES, THE REPRESENTATIVES OF
THE PARTICIPATING COUNTRIES AGREED TO RECOMMEND THAT
THEIR GOVERNMENTS, OR APPROPRIATE GOVERNMENTAL INSTITU-
TIONS, PLACE AT THE DISPOSAL OF THE GOVERNMENT OF THE
REPUBLIC OF ZAIRE SUMS REPRESENTING 85 OF:

--THE AMOUNT OF PRINCIPAL AND INTEREST IN RESPECT OF
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DEBTS TO THESE COUNTRIES MATURING BETWEEN 1 JANUARY 1977
AND 30 JUNE 1977 AND NOT YET SETTLED;

--THE AMOUNT OF PRINCIPAL IN RESPECT OF DEBTS TO THESE
SAME COUNTRIES MATURING BETWEEN 1 JULY 1977 AND 31
DECEMBER 1977.

PAYMENTS OF CONTRACTUAL INTEREST IN RESPECT OF THESE
LATTER MATURITIES WILL BE FULLY DISCHARGED BY THE
REPUBLIC OF ZAIRE:

THE DEBTS TO WHICH THIS RELIEF OPERATION WILL APPLY
ARE:

A. THE COMMERCIAL CREDITS GUARANTEED BY THE APPROPRIATE
BODIES OR THE GOVERNMENTS OF THE COUNTRIES CONCERNED
WHICH WERE COVERED BY A CONTRACT CONCLUDED BEFORE 1
JANUARY 1976 AND PROVIDING FOR THE SPREADING OUT OF
PAYMENTS OVER A PERIOD OF MORE THAN ONE YEAR.
B. THE LOANS FROM GOVERNMENTS OR GOVERNMENTAL
BODIES OF MORE THAN ONE YEAR ALREADY CONCLUDED BEFORE
1 JANUARY 1976.

THE DETAILED ARRANGEMENTS FOR MAKING THESE SUMS AVAIL-
ABLE WILL BE DETERMINED BY BILATERAL AGREEMENTS TO BE
CONCLUDED BY EACH OF THE PARTICIPATING COUNTRIES WITH
THE GOVERNMENT OF THE REPUBLIC OF ZAIRE ON THE BASIS OF
THE FOLLOWING PRINCIPLES:

A. THE BILATERAL AGREEMENTS WILL PLACE THE RELEVANT
SUMS AT THE DISPOSAL OF THE GOVERNMENT OF THE REPUBLIC
OF ZAIRE IN PROPORTION TO THE PAYMENTS THAT HAVE MATURED
OR WILL MATURE IN THE COURSE OF THE PERIOD DEFINED
ABOVE AND PARI PASSU WITH THESE PAYMENTS OR WILL RESCHED-
ULE THE CORRESPONDING PAYMENTS.

B. PAYMENT OF THE 15 LAID DOWN FOR THE MATURITIES OF
PRINCIPAL AND INTEREST FALLING DUE THE FIRST HALF OF
1977 AND THE MATURITIES OF PRINCIPAL FALLING DUE THE
SECOND HALF OF 1977, WILL BE EFFECTED IN THREE ANNUAL
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INSTALMENTS OF 5 EACH IN 1978, 1979, AND 1980.

C. REPAYMENT BY ZAIRE OF THE SUMS RESCHEDULED OR PLACED AT ITS DISPOSAL UNDER THIS MINUTE WILL BE EFFECTED IN TEN YEARS, INCLUDING A PERIOD OF GRACE OF FOUR YEARS, AND WILL CONSEQUENTLY BE PAID IN 12 EQUAL SEMI-ANNUAL PAYMENTS, THE FIRST SUCH PAYMENT STARTING FROM 1 JANUARY 1981.

D. THE RATE OF INTEREST TO BE PAID IN RESPECT OF THESE FINANCIAL FACILITIES WILL BE DETERMINED BILATERALLY BETWEEN ZAIRE AND EACH OF THE PARTICIPATING COUNTRIES. THE ZAIRIAN DELEGATION REALIZES THAT IT IS DIFFICULT TO FIX A UNIFORM RATE OF INTEREST, AS THEY WOULD HAVE WISHED, THEY EXPRESSED THE WISH THAT WHATEVER THE CASE, THE RATE APPLIED IN THE BILATERAL AGREEMENTS, TO BE SIGNED IN APPLICATION OF THIS MINUTE BE LOWER THAN THOSE APPLYING TO PREVIOUS AGREEMENTS, TAKING INTO CONSIDERATION NOTABLY RECENT DEVELOPMENTS IN FINANCIAL MARKETS.

E. THE GOVERNMENT OF THE REPUBLIC OF ZAIRE WILL ACCORD TO EACH OF THE PARTICIPATING COUNTRIES TREATMENT NOT LESS FAVOURABLE THAN THAT WHICH IT MAY ACCORD TO ANY OTHER CREDIT-COUNTRY FOR THE CONSOLIDATION OF DEBTS OF A COMPARABLE TERM.

F. THE PROVISIONS OF THE ABOVE PARAGRAPHS DO NOT APPLY TO THOSE COUNTRIES WHOSE PRINCIPAL AND INTEREST CLAIMS PAYABLE IN THE COURSE OF THE REFINANCING PERIOD ARE LESS THAN SDR 1 MILLION.

G. EACH PARTICIPATING COUNTRY WILL CARRY OUT CONSOLIDATION OF THE EXTERNAL DEBT OF THE REPUBLIC OF ZAIRE IN ACCORDANCE WITH SUCH RULES AS IT WILL LAY DOWN IN THE BILATERAL AGREEMENTS TO BE CONCLUDED, INVOLVING FINANCING OR REFINANCING ARRANGEMENTS ACCORDING TO THE CIRCUMSTANCES.

IT WAS AGREED THAT THE REPRESENTATIVES OF THE PARTICIPATING COUNTRIES WOULD GIVE THE REPRESENTATIVES OF THE ZAIRIAN GOVERNMENT SPECIFIC INFORMATION ON THE TERMS LIMITED OFFICIAL USE
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OF THESE BILATERAL AGREEMENTS TO THE EXTENT POSSIBLE IMMEDIATELY FOLLOWING THIS MEETING OF THE PARIS CLUB AND, IN ANY CASE, AS SOON AS POSSIBLE SO THAT THESE AGREEMENTS CAN RAPIDLY BE CONCLUDED.

H. THE PARTICIPATING COUNTRIES THAT ALREADY HAVE AN AGREEMENT WITH THE REPUBLIC OF ZAIRE TO PROVIDE RELIEF IN RESPECT OF ITS ABOVE MENTIONED EXTERNAL DEBT MATURITIES WILL ADAPT THE TERMS TO TAKE INTO ACCOUNT THIS MINUTE THE TERMS OF WHICH WILL REPLACE THOSE OF PREVIOUS BILATERAL AGREEMENTS SO AS TO INSURE OBSERVANCE OF THE PRINCIPLE OF EQUAL TREATMENT FOR ALL THE PARTICIPATING COUNTRIES.

I. THE REPRESENTATIVES OF THE REPUBLIC OF ZAIRE STATED THAT THE PROVISIONS OF PRINCIPLE SET OUT (PARAGRAPH A

THROUGH H) ABOVE WERE AN ACCEPTABLE BASIS FOR THE BILATERAL NEGOTIATIONS THAT THEIR GOVERNMENT IS READY TO OPEN AT THE EARLIEST OPPORTUNITY.

7. THE REPRESENTATIVES OF THE REPUBLIC OF ZAIRE EXPRESSED A DESIRE FOR A RESCHEDULING OF THE MATURITIES FALLING DUE IN YEARS AFTER 1977 AND UP TO AND INCLUDING 1980 AND ASKED THAT A MEETING ON THIS SUBJECT BE HELD NEXT FALL.

IN REPLY THE REPRESENTATIVES OF THE PARTICIPATING COUNTRIES AGREED TO MEET AGAIN WITH REPRESENTATIVES OF THE ZAIRIAN GOVERNMENT IN NOVEMBER 1977 TO TAKE UP THE MATTER OF 1978 MATURITIES OF ZAIRE DEBTS IN THE LIGHT OF DEVELOPMENTS OF THE BALANCE OF PAYMENTS SITUATION AND FUTURE PROSPECTS.

THEY STRESSED THE CONCLUSION BEFORE THEN OF A LOAN AGREEMENT WITH THE BANKS, RESPONDING TO THE CONCERNS EXPRESSED IN PARAGRAPH 3 OF THE PRESENT MINUTE, WOULD BE A DETERMINING FACTOR IN THE DECISION TO BE TAKEN.

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IF INFORMATION AVAILABLE BY THEN DOES NOT ALLOW A DECISION TO BE TAKEN, A NEW MEETING WILL BE HELD IN MAY 1978.

8. THESE VARIOUS PROVISIONS ARE RECOMMENDED BY THE REPRESENTATIVES OF THE PARTICIPATING COUNTRIES TO THEIR RESPECTIVE GOVERNMENTS.

SIGNED IN PARIS ON 7 JULY 1977, CHAIRMAN OF THE DELEGATION OF THE REPUBLIC OF ZAIRE, DELEGATION OF THE FEDERAL REPUBLIC OF GERMANY, BELGIAN DELEGATION, CANADIAN DELEGATION, UNITED STATES DELEGATION, FRENCH DELEGATION, ITALIAN DELEGATION, JAPANESE DELEGATION, NETHERLANDS DELEGATION, UNITED KINGDOM DELEGATION, SWEDISH DELEGATION, SWISS DELEGATION VANCE

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